

CASE 6256: TEXACO INC. FOR AMEND-  
MENT OF ORDER R-5530, NON-STANDARD  
LOCATIONS, AND ADMINISTRATIVE PRO-  
CEDURE. LEA COUNTY. NEW MEXICO.

CASE NO.

6256

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APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,  
ETC.



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 6256  
Order No. R-5530-A

APPLICATION OF TEXACO INC. FOR  
AMENDMENT OF COMMISSION ORDER  
NO. R-5530, NON-STANDARD LOCATIONS,  
AND AN ADMINISTRATIVE PROCEDURE,  
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 21, 1978,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 25th day of July, 1978, the Division  
Director, having considered the testimony, the record,  
and the recommendations of the Examiner, and being fully  
advised in the premises,

FINDS:

- (1) That due public notice having been given as required  
by law, the Division has jurisdiction of this cause and the  
subject matter thereof.
- (2) That the applicant, Texaco Inc., is the operator of  
the Central Vacuum Unit Pressure Maintenance Project authorized  
by Commission Order No. R-5530.
- (3) That the applicant seeks to amend Paragraph (14) on  
Page 7 of said Order No. R-5530 by removing or amending the  
allowable restriction therein subject to lease line agreements.
- (4) That said allowable restriction should be removed  
for any proration unit within said Central Vacuum Unit upon  
which a lease line injection well is located.

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(5) That the applicant seeks permission to expand said Central Vacuum Unit Pressure Maintenance Project in the Vacuum Grayburg-San Andres Pool by the injection of water into the Grayburg-San Andres formation through eight additional injection wells located as follows:

Unit Well No.	Location	Unit	Section	Township	Range
133	10' FNL & 1550' FEL	B	12	18-S	34-E
134	40' FNL & 40' FWL	D	7	18-S	35-E
135	1600' FSL & 40' FWL	L	6	18-S	35-E
136	2450' FNL & 40' FWL	E	6	18-S	35-E
137	1100' FNL & 40' FWL	D	6	18-S	35-E
138	10' FSL & 70' FEL	P	36	17-S	34-E
140	10' FSL & 2571' FWL	N	36	17-S	34-E
141	10' FSL & 1310' FWL	M	36	17-S	34-E

(6) That the application for approval of one other additional injection well, Unit Well No. 139, at a non-standard location should be dismissed.

(7) That the applicant further seeks the establishment of an administrative procedure for approval of additional producing and injection wells and the conversion of existing wells within said Central Vacuum Unit Pressure Maintenance Project to injection at both orthodox and unorthodox locations without further notice and hearing.

(8) That the establishment of such an administrative procedure would permit the more efficient operation of the project.

(9) That any injection well authorized by such an administrative procedure should be subject to all of the requirements and limitations contained in said Order No. R-5530.

(10) That Paragraphs 13, 14, 15, 16, and 17 on Page 7 of said Order No. R-5530 are numbered in error and should be re-numbered in proper sequence.

IT IS THEREFORE ORDERED:

(1) That the applicant, Texaco Inc., is hereby authorized to expand its Central Vacuum Unit Pressure Maintenance Project, Vacuum Pool, by the injection of water into the Grayburg-San Andres

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Order No. R-5530-A

formations through the following-described wells at non-standard locations as follows:

Unit Well No.	Location	Unit	Section	Township	Range
133	10' FNL & 1550' FEL	B	12	18-S	34-E
134	40' FNL & 40' FWL	D	7	18-S	35-E
135	1600' FSL & 40' FWL	L	6	18-S	35-E
136	2450' FNL & 40' FWL	E	6	18-S	35-E
137	1100' FNL & 40' FWL	D	6	18-S	35-E
138	10' FSL & 70' FEL	P	36	17-S	34-E
140	10' FSL & 2571' FWL	N	36	17-S	34-E
141	10' FSL & 1310' FWL	M	36	17-S	34-E

(2) That the application for approval of one other additional injection well, Unit Well No. 139, at a non-standard location is hereby dismissed.

(3) That Paragraph No. (6) on Page 5 of Order No. R-5530 is hereby amended to read in its entirety as follows:

"(6) That the Director of the Oil Conservation Division may administratively authorize a pressure limitation in excess of that set out in Order No. (5) above upon a showing by the operator that such higher pressure will not result in fracturing of the confining strata."

(4) That Paragraph No. (7) on Page 5 of Order No. R-5530 is hereby amended to read in its entirety as follows:

"(7) That the applicant shall not inject water into the formation of any well located on a 40-acre tract that has on it, or that directly or diagonally offsets a tract that has on it, one of the 15 wells identified on Exhibit C attached hereto and by reference made a part hereof, at a pressure greater than hydrostatic until such well has been repaired or it has been shown to the satisfaction of the Division Director that such well will not serve as an avenue of escape for waters injected into the San Andres formation and he has authorized a higher than hydrostatic pressure."

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(5) That Paragraph No. (9) on Page 5 of Order No. R-5530 is hereby amended to read in its entirety as follows:

"(9) That the operator shall immediately notify the supervisor of the Hobbs District Office of the Division of the failure of the tubing or packer in any of said injection wells, the leakage of water or oil from or around any producing well, the leakage of water or oil from or around any plugged and abandoned well within the project area, or any other evidence of fluid migration from the injection zone, and shall take such timely steps as may be necessary or required to correct such failure or leakage."

(6) That Paragraph No. (12) on Page 5 of Order No. R-5530 is hereby amended to read in its entirety as follows:

"(12) That those wells within the Central Vacuum Unit Area that are not included within the project area as defined above shall be prorated in accordance with the Division Rules and Regulations."

(7) That Paragraph No. (13) on Page 7 of Order No. R-5530 is hereby renumbered Paragraph No. (16) and is further amended to read in its entirety as follows:

"(16) That the average project area reservoir pressure shall be determined prior to the commencement of injection of water into the reservoir and at least annually thereafter. The average project area pressure shall be the average of the pressures in at least ten representative wells selected by the operator of the unit and the Supervisor of the Hobbs District Office of the Division at an agreed upon datum."

(8) That Paragraph No. (14) on Page 7 of Order No. R-5530 is hereby renumbered Paragraph No. (17), and is further amended to read in its entirety as follows:

"(17) That the project area allowable may be produced from any well within the project area in any proportion provided, however, that any proration unit situated on the boundary of the Central Vacuum Unit which proration unit is not directly or diagonally offset by a San Andres injection well outside said Central Vacuum Unit, or upon which a Central Vacuum "lease-line" injection well is not located between a unit producing well and the unit boundary shall not be permitted to produce in excess of 80 barrels of oil per day."

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(9) That Paragraph No. (15) on Page 7 of Order No. R-5530 is hereby renumbered Paragraph No. (18) and is further amended to read in its entirety as follows:

"(18) That each month the project operator shall submit to the Division a Pressure Maintenance Project Operator's Report, on a form prescribed by the Division outlining thereon the data required, and requesting allowables for each of the several wells in the Project as well as the total project area allowable. The aforesaid Pressure Maintenance Project Operator's Report shall be filed in lieu of Form C-120 for the Project."

(10) That Paragraph No. (16) on Page 7 of Order No. R-5530 is hereby renumbered Paragraph No. (19) and is further amended to read in its entirety as follows:

"(19) That the Division shall, upon review of the report and after any adjustments deemed necessary, calculate the allowable for the wells in the Project for the next succeeding month in accordance with these rules. The sum of the allowables so calculated shall be assigned to the Project and, except as provided under Order (17) above, may be produced from the wells in the Project in any proportion."

(11) That Order No. R-5530, as amended hereinabove is further amended by the addition of the following Paragraph No. (20):

(20) The Director of the Division is hereby authorized to approve such additional producing wells and injection wells at orthodox and unorthodox locations within the boundaries of applicant's Central Vacuum Unit as may be necessary to complete an efficient production and injection pattern, provided that said producing wells shall not be located closer than 330 feet to the Unit boundary nor injection wells closer than 10 feet to the Unit boundary nor any well closer than 10 feet to any quarter-quarter section or subdivision inner boundary. To obtain such approval, the project operator shall file proper application with the Division, which application, if it seeks authorization to convert additional wells to injection or to drill additional production or injection wells shall include the following:



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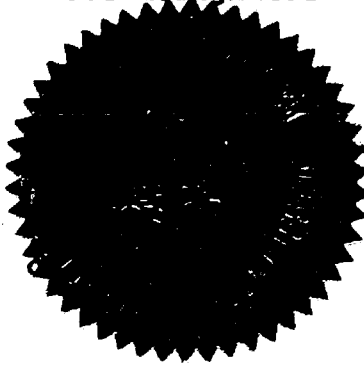
- (a) A plat showing the location of the proposed well, all wells within the project area, and offset operators, locating wells which offset the project area.
- (b) A schematic drawing of the proposed well which fully describes the casing, tubing, perforated interval, depth, and a demonstration that any proposed injection well will meet construction, pressure and monitoring provisions of Orders Nos. (2), (3), (4), (6), and (7) of this Order or the equivalent.
- (c) A letter stating that all offset operators to the proposed well have been furnished a complete copy of the application and the date of notification. The Director of the Division may approve the proposed well if, within 20 days after receiving the application, no objection to the proposal is received. The Director may grant immediate approval, provided waivers of objection are received from all offset operators.

(12) That Paragraph No. (17) on Page 7 of Order No. R-5530 is hereby renumbered Paragraph No. (21) and is further amended to read in its entirety as follows:

"(21) That jurisdiction of Case No. 6008 is retained for the entry of such further orders as the Division may deem necessary."

(13) That jurisdiction of Case No. 6256 is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Joe D. Ramey*  
JOE D. RAMEY,  
Director

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
State Land Office Building  
Santa Fe, New Mexico  
21 June 1978

EXAMINER HEARING

IN THE MATTER OF:

Application of Texaco, Inc., for  
amendment of Commission Order  
No. R-5530, non-standard locations  
and an administrative procedure,  
Lea County, New Mexico.

CASE  
6256

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Lynn Teschendorf, Esq.  
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Santa Fe, New Mexico 87501

For the Applicant:

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WES HAYWORTH

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1 MR. STAMETS: Call now Case 6256.

2 MS. TESCHENDORF: Case 6256. Application of  
3 Texaco, Inc., for amendment of Commission Order No. R-5530,  
4 non-standard locations, and an administrative procedure,  
5 Lea County, New Mexico.

6 MR. KELLY: Booker Kelly, White, Koch, Kelly,  
7 and McCarthy, Santa Fe, New Mexico, on behalf of the Ap-  
8 plicant, and I have one witness.

9 MR. STAMETS: Booker, I've got tons of waivers  
10 here.

11 MR. KELLY: We've got -- we know of about  
12 five.

13 (Witness sworn.)

14 MR. STAMETS: I've got six.

15 MR. KELLY: Six?

16 MR. STAMETS: Shell, Chevron, Getty, Exxon,  
17 Phillips and -- you may proceed.

18 MR. KELLY: All right.

19  
20 WES HAYWORTH

21 Being called as a witness and having been duly sworn upon  
22 his oath, testified as follows, to-wit:

23 DIRECT EXAMINATION

24 BY MR. KELLY:

25 Q Would you state your name, by whom employed,

1 and in what capacity?

2 A. Wes Hayworth, employed by Texaco, Incorporated.  
3 My present position is Hobbs District Operations Engineer.

4 Q And you've previously qualified as an expert  
5 witness in the field of petroleum engineering before this  
6 commission?

7 A. Yes, I have.

8 Q Mr. Hayworth, referring to the plat marked  
9 Exhibit One, would you state briefly what Texaco seeks by  
10 this application?

11 A. We seek to -- we seek approval of eight coop-  
12 erative lease line injection wells on the lease line be-  
13 tween the Vacuum Grayburg-San Andres Unit operated by  
14 Texaco and the Central Vacuum Unit, also operated by  
15 Texaco.

16 These injection wells will be at unorthodox  
17 locations and we seek the approval of the locations and  
18 approval to inject water into these wells.

19 We also ask for an administrative procedure  
20 for approval of any future lease line injection wells, in  
21 cooperation with any of the other operators, and we also  
22 ask for amendment of paragraph fourteen of Commission  
23 Order R-5530, such that the allowable restriction that  
24 is currently on the proration unit along the boundary of  
25 the unit, Central Vacuum Unit, we ask that that restriction

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1 be lifted with the drilling of cooperative lease line  
2 wells.

3 Q All right. Now, I assume that as part of the  
4 request for administrative approval for lease line in-  
5 jection wells, you're also asking that you have administra-  
6 tive approval to inject water into those wells.

7 A That's correct.

8 Q All right. Now, going to the plat would you  
9 identify the unit and the proposed injection wells you're  
10 talking about?

11 A Okay. In the center of the plat the boundary  
12 of the Central Vacuum Unit is the dashed line. It takes  
13 in about five sections in the center of the plat.

14 The proposed wells are marked with red triangles.  
15 The Order was advertised for nine wells. One of the wells,  
16 which will be Proposed Well Number 139, was left off be-  
17 cause that will have to be a directionally drilled well,  
18 and that will require another hearing.

19 The plat also shows all wells within two  
20 miles of the unit boundary. It indicates the well numbers,  
21 the leases, and the formations from which the wells pro-  
22 duce or have produced.

23 Q What is the present status of this unit? Are  
24 you actively engaging in secondary recovery?

25 A We've drilled 31 injection wells for secondary

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1 recovery. There are a number of them that we've placed  
2 on injection under gravity. We don't have our plant  
3 facilities constructed yet but we do have some temporary  
4 injection lines and we are injecting into a number of  
5 those wells.

6 At this point we're continuing with our  
7 drilling program and we feel that approval of these lease  
8 line wells would promote the orderly development.

9 Q Okay. Now, referring to what is the original  
10 Order Number 5530 entered in this, and it's labeled para-  
11 graph number fourteen, which I think is a repeat, but  
12 anyway it's on the last page of that order, can you state  
13 why it's necessary to seek the proposed rule change to  
14 allow you to produce more than eighty acres from the  
15 wells that sit on the boundary line?

16 A Well, we feel that because of the testimony  
17 at the original hearing, one offset operator objected to  
18 us being allowed to produce unlimited from those units  
19 because they contended that they would be drained, and  
20 we feel that with the drilling of these lease line wells,  
21 that we can assure that they will not be drained on any  
22 units where cooperative wells have been drilled, and we  
23 feel that that restriction is no longer necessary.

24 Q And I think that operator was Phillips, wasn't  
25 it?

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1 A. Phillips Petroleum.

2 Q. Who has submitted their waiver on this appli-  
3 cation.

4 A. They have given us a waiver of protest, to  
5 this application.

6 Q. Basically with these injection wells, you will  
7 have -- you will no longer be draining across the lease  
8 line.

9 A. That's correct.

10 MR. KELLY: Mr. Examiner, I might point out  
11 that in the application a proposed language change was  
12 suggested that reads, I'm referring to paragraph fourteen,  
13 that any proration units situated on the boundary of the  
14 Central Vacuum Unit, which proration unit is not directly  
15 or diagonally offset by San Andres injection well outside  
16 said Central Vacuum Unit, or on the Central Vacuum Unit  
17 boundary, shall not be permitted to produce in excess of  
18 80 barrels of oil per day.

19 We would have no objection to that but I just  
20 thought that we should point out that it could be inter-  
21 preted that you'd have to -- they're only talking about  
22 wells that are actually spud in right on the boundary  
23 line. I have other language that I could give the Com-  
24 mission that may be preferable, and I certainly don't have  
25 any great pride of authorship, but I suggest that referring

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1 to that paragraph fourteen, which is on the last page of  
2 the Order, that we strike the word "outside" and insert  
3 therein the phrase "located closer to the boundary of said  
4 Central Vacuum Unit", so that paragraph would not read  
5 that the project area allowable be produced from any well  
6 within the project area, provided, however, that any pro-  
7 ration unit situated on the boundary of the Central Vacuum  
8 Unit, which proration unit is not directly or diagonally  
9 offset by a San Andres injection well located closer to  
10 the boundary of said Central Vacuum Unit, shall not be  
11 permitted to produce in excess of 80 barrels of oil per  
12 day.

13 I believe that language would insure that an  
14 80 barrel a day limitation would apply unless there was  
15 an injection well that was closer than the producing well  
16 to the boundary.

17 All right, go on to Exhibit Number Two, the  
18 log. Would you just identify the well that that log is  
19 taken from?

20 A Exhibit Number Two is a type log with was  
21 presented at the original hearing in this case for the  
22 Central Vacuum Unit. This is a log on Texaco's New Mexico  
23 "O" State NCT-1 Well No. 23. Well No. 23 is located in  
24 the southeast quarter of Section 36. It's diagonally  
25 northeast of proposed Well No. 140.

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1 Q Okay, now you have --

2 MR. STAMETS: That is Exhibit Three that you  
3 were talking about, at least my copy has Exhibit Three, is  
4 marked Exhibit Three.

5 A Yes, excuse me, that's right.

6 MR. STAMETS: Yes.

7 Q Okay, then Exhibit Number Two is the sketch  
8 of your proposed injection wells, is that correct?

9 A Yes, Exhibit Number Two is a diagram of the  
10 proposed injection wells showing the proposed injection  
11 sizes and depths, cementing data, tubing sizes, packer,  
12 setting depth, for the proposed wells.

13 Q You will have inhibited fluid in your annulus  
14 pressure gauges and otherwise conform to the original  
15 order?

16 A Yes. We intend to conform to the provisions  
17 of the original order.

18 Q Has Texaco experienced any problem of corrosion  
19 or migration of fluids in your other injection wells?

20 A No, we have not.

21 Q And I assume that in your opinion the proposed  
22 installation would protect against any migration of  
23 fluids.

24 A Yes, we feel that it would. Cement will be  
25 circulated on all casing strings.

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1 Q All right, let's turn to Exhibit Number Four.

2 A Exhibit Number Four is a tabulation of the  
3 wells that we've drilled, Texaco has drilled, in the Central  
4 Vacuum Unit since the previous hearing, and this should  
5 bring us up to date as to the wells in the area, as re-  
6 quired by the Commission memo.

7 Q And Exhibit Number Five is the locations of  
8 your proposed injection wells, is that correct?

9 A Yes, Exhibit Number Five indicates the location  
10 of the proposed wells.

11 Q Now, this -- these wells are right on the  
12 edge of your other unit, the Vacuum Grayburg-San Andres  
13 Unit, is that correct?

14 A Yes.

15 Q And as I understand it, under the order in  
16 that unit, you wouldn't need -- you could do this by  
17 administrative approval.

18 A That's correct. There's a provision in the  
19 order for the Vacuum Grayburg-San Andres Unit for admin-  
20 istrative approval of additional wells.

21 Q And you're asking for that type of order  
22 here?

23 A That's correct.

24 Q Okay. What do you anticipate your injection  
25 rates will be in these wells?

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1 A We anticipate our initial injection rate will  
2 be 900 barrels per day per well and it will be under the  
3 same pressure as outlined in the original order.

4 Q And you did send notices of this application  
5 to all offset operators?

6 A Yes, we requested waivers. We've received  
7 a number of the waivers and there are a number of waivers  
8 that we have not received yet. I think the only problem  
9 is timing. I don't anticipate any objection.

10 Q In your opinion will the granting of this  
11 application allow Texaco to efficiently produce hydro-  
12 carbons in this unit?

13 A Yes.

14 Q To prevent waste and no adverse effect on  
15 correlative rights?

16 A Yes.

17 MR. KELLY: I would move the introduction of  
18 Texaco's Exhibits One through Five.

19 MR. STAMETS: These exhibits will be admitted.

20 MR. KELLY: I have no further direct examin-  
21 ation.

22  
23 CROSS EXAMINATION

24 BY MR. STAMETS:

25 Q Mr. Hayworth, at the original hearing you

1 presented evidence on wells outside the proration -- or  
2 outside the unit but wells within a half mile.

3 A. Yes.

4 Q. And that was in accordance with the Commission  
5 Memorandum 3-A-77.

6 A. Right.

7 Q. Did you determine that there were no additional  
8 wells within half a mile of these injection wells; no  
9 additional wells that you did not present at the previous  
10 hearing?

11 A. That was our determination.

12 Q. Okay, thank you.

13 MR. STAMETS: Are there any other questions  
14 of the witness?

15 He may be excused. Mr. Kelly, I would appre-  
16 ciate it if you'd furnish me a copy of your language.

17 MR. KELLY: All right, sir.

18 MR. STAMETS: I wrote it down but I'd --

19 MR. KELLY: I will do that.

20 MR. STAMETS: I'd like to have something from  
21 you on that.

22 MR. KELLY: I'm not sure we want to delete  
23 the word "outside". Some of the future wells may be  
24 drilled outside the unit and I don't think we can delete  
25 it completely.

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1 MR. STAMETS: Well, the intent of Texaco in  
2 this case is to be allowed, or have no allowable restriction  
3 on its outer boundary units. Whenever there is a lease  
4 line injection well located within the unit boundary or  
5 without the unit boundary.

6 A. Correct.

7 MR. STAMETS: And you may submit any addi-  
8 tional wording that you would like that conveys that and  
9 I will work on that myself.

10 Also, you pointed out that, I believe, para-  
11 graphs fourteen and fifteen in the original order did get  
12 doubled up; that there is paragraph thirteen, fourteen, on  
13 the next to the last page, and paragraph thirteen and  
14 fourteen on the last page of the order, and we will have  
15 to rectify that in the issuing of this order.

16 Anything further in this case?

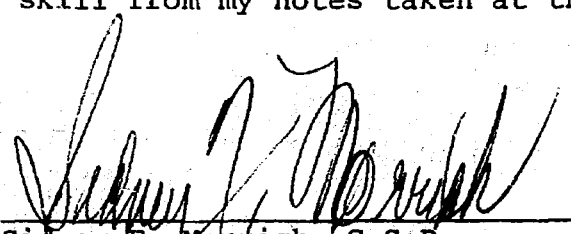
17 The case will be taken under advisement.

18 (Hearing concluded.)  
19  
20  
21  
22  
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24  
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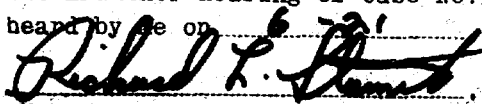
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REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Court Reporter, DO HEREBY  
 CERTIFY that the foregoing and attached Transcript of  
 Hearing before the Oil Conservation Division was reported  
 by me; that said transcript is a full, true, and correct  
 record of the hearing, prepared by me to the best of my  
 ability, knowledge, and skill from my notes taken at the  
 time of the hearing.

  
 Sidney F. Morrish, C.S.R.

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I do hereby certify that the foregoing is  
 a complete record of the proceedings in  
 the Examiner hearing of Case No. 6252  
 heard by me on 6-22-78 1978  
  
 Richard L. Bennett, Examiner  
 New Mexico Oil Conservation Commission



CASE 6256: Application of Texaco Inc. for amendment of Commission Order No. R-5530, non-standard locations, and an administrative procedure, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend paragraph (14) on Page 7 of Commission Order No. R-5530 by removing or amending the allowable restriction therein subject to lease line agreements.

Applicant also seeks approval of nine injection wells at non-standard locations not closer than 10 feet to the Central Vacuum Unit boundary in the following units: Unit B of Section 12, Township 18 South, Range 34 East; Units D, E, L, and M of Section 6, Township 18 South, Range 35 East; Unit M of Section 31, Township 17 South, Range 35 East; and Units N, O, and P of Section 36, Township 17 South, Range 34 East, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico.

Applicant further seeks an administrative procedure for approval of additional producing and injection wells at orthodox and unorthodox locations.

CASE 6257: Application of Benchmark Oil Company, Ltd., for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Wright Well No. 1 to be located 1980 feet from the South line and 660 feet from the East line of Section 30, Township 9 South, Range 33 East, Flying M-San Andres Pool, Lea County, New Mexico, the E/2 SE/4 to be dedicated to the well.

CASE 6258: Application of Atlantic Richfield Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Devonian, McKee, and Ellenburger formations underlying the S/2 of Section 21, Township 22 South, Range 36 East, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5911: (Reopened and Readvertised)

In the matter of Case 5911 being reopened pursuant to the provisions of Order No. R-5353-B which order established temporary special pool rules for the Chacon-Dakota Associated Pool, Rio Arriba and Sandoval Counties, New Mexico. All interested parties may appear and show cause why said pool should not be reclassified as an oil pool to be governed by statewide rules.

CASE 6259: Application of V-F Petroleum, Inc., for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation through the perforated interval from 11,085 feet to 11,102 feet in its State 14 Well No. 1 located in Unit L of Section 14, Township 9 South, Range 32 East, SRR-Devonian Pool, Lea County, New Mexico.

CASE 6260: Application of Continental Oil Company for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 480-acre non-standard gas proration unit comprising the N/2 and SE/4 of Section 2, Township 22 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to applicant's State J-2 Wells Nos. 7, 9 and 12 located in Units J, G and D, respectively, of said Section 2.

CASE 6261: Application of Continental Oil Company for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 320-acre non-standard gas proration unit comprising the W/2 of Section 20, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to applicant's State C-20 Wells Nos. 5 and 6, located in Units M and C, respectively, of said Section 20.

CASE 6262: Application of Adobe Oil & Gas Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mississippian formation underlying the SE/4 of Section 17, Township 14 South, Range 36 East, Austin Field, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6263: Application of Adobe Oil & Gas Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mississippian formation underlying the NE/4 of Section 17, Township 14 South, Range 36 East, Austin Field, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.



Texaco Exhibit No. 2  
OCC Case 0250  
June 21, 1978

SAN ANDRES

TYPICAL INJECTION WELL COMPLETION

TEXACO Inc.  
PROPOSED  
CENTRAL VACUUM UNIT - VACUUM GRAYBURG SAN ANDRES UNIT  
COOPERATIVE LEASE LINE INJECTION WELLS  
VACUUM (GRAYBURG-SAN ANDRES) FIELD  
LEA COUNTY, NEW MEXICO

13-3/8" csg. set @ 350'  
Cement to circulate

9-5/8" csg. set @ 1550'  
Cement to circulate

2-3/8" Int. plastic coated  
tubing set in packer @  
approx. 4250'

Packer set approx. 50'  
above top perf.

4-1/2" csg. set @ 4800'  
Cement to circulate

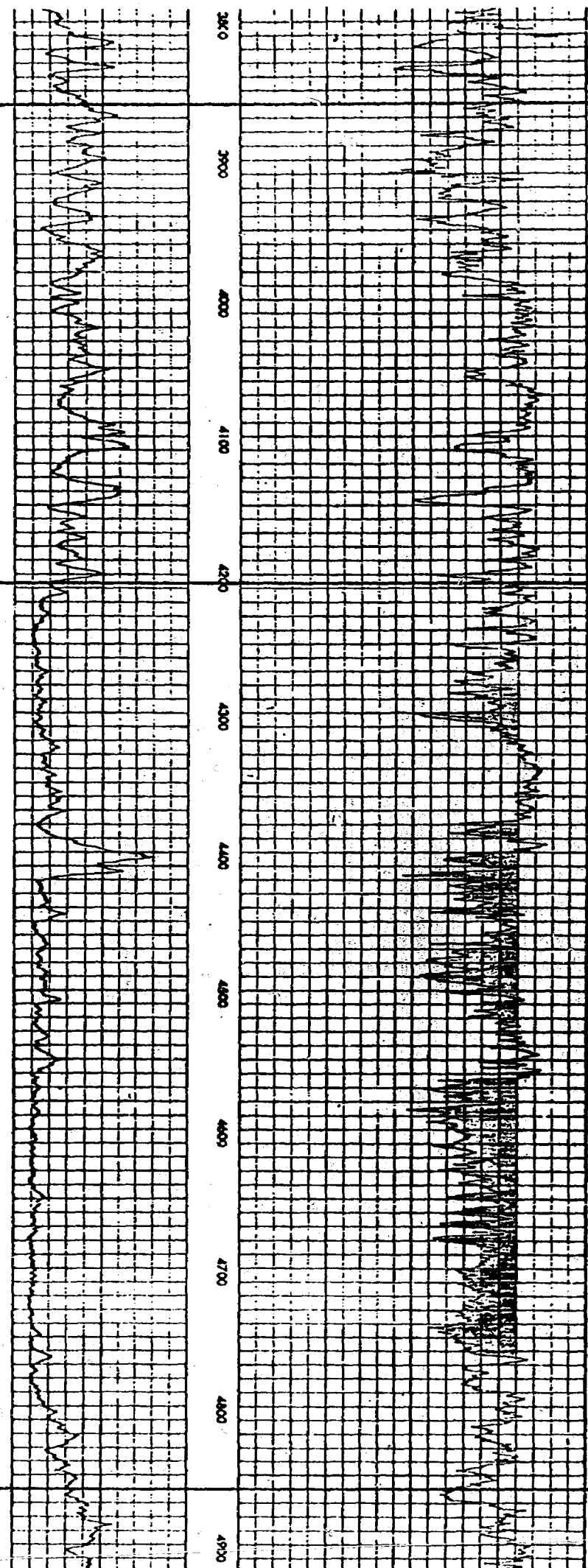
TD 4800'

TEXACO Inc.  
 NEW MEXICO "O" ST. NGT-1 #23  
 (TWIN WELL TO #10)  
 VACUUM G-SA POOL

TOP OF SAN ANDRES  
 PAY

BASE OF PAY

UNITIZED INTERVAL



Exaco Exhibit No. 3  
 MC Case 162570  
 June 21, 1978

GAMMA RAY

ACOUSTIC

CENTRAL VACUUM UNIT INFILL DRILL WELLS

WELL NO.	SURFACE CASING				INTERMEDIATE CASING				PRODUCTION CASING				TOTAL DEPTH.	INTERVAL.	LOCATION				
	CSG SIZE	DEPTH SET	SX CMT	TOP CEMENT	CSG SIZE	DEPTH SET	SX CMT	TOP CEMENT	HOLE SIZE	CSG SIZE	DEPTH SET	SX CMT			TOP CEMENT	U	S	T	R
14	8-5/8	400	425	Circ					7-7/8	4-1/2	4870	2100	Circ	4787 PB	4501-4812	E	30	17S	35E
15	8-5/8	408	425	Circ					7-7/8	4-1/2	4813	2100	Circ	4810 PB	4508-4787	F	30	17S	35E
16	8-5/8	413	425	Circ					7-7/8	4-1/2	4870	2100	Circ	4820 PB	4527-4815	G	30	17S	35E
25	8-5/8	400	425	Circ					7-7/8	4-1/2	4800	2100	Circ	4760 PB	4379-4709	K	25	17S	34E
26	8-5/8	402	425	Circ					7-7/8	4-1/2	4800	2100	Circ	4782 PB	4384-4718	J	25	17S	34E
27	8-5/8	420	425	Circ					7-7/8	4-1/2	4800	2200	Circ	4762 PB	4386-4719	J	25	17S	34E
28	8-5/8	409	425	Circ					7-7/8	4-1/2	4800	2100	Circ	4765 PB	4407-4724	P	25	17S	34E
29	8-5/8	415	425	Circ					7-7/8	4-1/2	4800	2100	Circ	4767 PB	4460-4752	L	30	17S	35E
30	8-5/8	406	425	Circ					7-7/8	4-1/2	4800	2100	Circ	4752 PB	4513-4786	K	30	17S	35E
31	8-5/8	400	425	Circ					7-7/8	4-1/2	4800	1800	Circ	4750 PB	4470-4742	J	30	17S	35E
40	8-5/8	368	375	Circ					7-7/8	4-1/2	4800	2000	Circ	4713 PB	4400-4701	D	36	17S	34E
41	8-5/8	459	500	Circ					7-7/8	4-1/2	4800	2500	Circ	4779 PB	4380-4710	C	36	17S	34E
42	8-5/8	365	400	Circ					7-7/8	4-1/2	4800	2200	Circ	4779 PB	4364-4700	B	36	17S	34E
43	8-5/8	403	425	Circ					7-7/8	4-1/2	4800	2500	Circ	4765 PB	4391-4712	A	35	17S	34E
44	8-5/8	397	425	Circ					7-7/8	4-1/2	4800	2500	Circ	4770 PB	4443-4710	D	31	17S	35E
45	8-5/8	387	425	Circ					7-7/8	4-1/2	4800	2200	Circ	4783 PB	4422-4726	C	31	17S	35E
46	8-5/8	400	425	Circ					7-7/8	4-1/2	4800	1700	Circ	4766 PB	4386-4726	A	31	17S	35E
55	8-5/8	397	425	Circ					7-7/8	4-1/2	4800	2200	Circ	4782 PB	4390-4708	D	36	17S	34E
56	8-5/8	410	450	Circ					7-7/8	4-1/2	4800	2500	Circ	4778 PB	4383-4710	C	36	17S	34E
57	8-5/8	396	425	Circ					7-7/8	4-1/2	4800	2200	Circ	4777 PB	4382-4726	B	36	17S	34E
58	8-5/8	405	425	Circ					7-7/8	4-1/2	4800	2200	Circ	4763 PB	4389-4716	A	36	17S	34E
59	8-5/8	423	450	Circ					7-7/8	4-1/2	4800	2500	Circ	4779 PB	4422-4719	E	31	17S	35E
60	8-5/8	365	400	Circ					7-7/8	4-1/2	4800	2270	Circ	4748 PB	4398-4704	C	31	17S	35E
61	8-5/8	397	425	Circ					7-7/8	4-1/2	4800	2200	Circ	4771 PB	4352-4712	A	31	17S	35E
70	8-5/8	397	450	Circ					7-7/8	4-1/2	4800	2200	Circ	4767 PB	4380-4710	E	36	17S	34E
71	8-5/8	399	425	Circ					7-7/8	4-1/2	4800	2200	Circ	4768 PB	4373-4712	G	36	17S	34E
72	8-5/8	350	350	Circ					7-7/8	4-1/2	4812	2300	Circ	4718 PB	4373-4663	G	36	17S	34E
73	8-5/8	409	425	Circ					7-7/8	4-1/2	4800	2200	Circ	4757 PB	4381-4712	H	36	17S	34E
74	8-5/8	400	425	Circ					7-7/8	4-1/2	4800	2200	Circ	4708 PB	4448-4678	I	31	17S	35E
83	13-3/8	361	400	Circ					7-7/8	4-1/2	4800	2100	Circ	4762 PB	4338-4667	J	36	17S	34E
99	8-5/8	360	400	Circ					6-1/4	4-1/2	4800	800	Circ	4786 PB	4389-4712	E	6	18S	35E

Vaco Ex-  
bit No. 4  
Case 382  
ne 21, 1978

PROPOSED LOCATIONS  
CENTRAL VACUUM UNIT--VACUUM GRAYBURG-SAN ANDRES UNIT  
COOPERATIVE LEASE LINE INJECTION WELLS

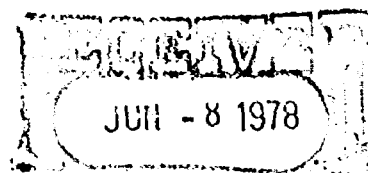
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<u>Well No.</u>	<u>Location</u>	<u>Unit</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>
133	10' FNL & 1550' FEL	B	12	18-S	34-E
134	40' FNL & 40' FWL	D	7	18-S	35-E
135	1600' FSL & 40' FWL	L	6	18-S	35-E
136	2450' FNL & 40' FWL	E	6	18-S	35-E
137	1100' FNL & 40' FWL	D	6	18-S	35-E
138	10' FSL & 70' FEL	P	36	17-S	34-E
140	10' FSL & 2571' FWL	N	36	17-S	34-E
141	10' FSL & 1310' FWL	M	36	17-S	34-E

Texaco Exhibit No. 5  
OCC Case 625-6  
June 21, 1978



PETROLEUM PRODUCTS



OIL CONSERVATION COMM.  
Santa Fe

TEXACO INC.  
DRAWER 728  
HOBBS, NEW MEXICO 88240

June 7, 1978

State of New Mexico  
Energy and Minerals Department  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, New Mexico 87501

Re: Request for Examiner Hearing  
Application for Unorthodox  
well locations and amendment  
of Order R-5530  
Central Vacuum Unit  
Lea County, New Mexico

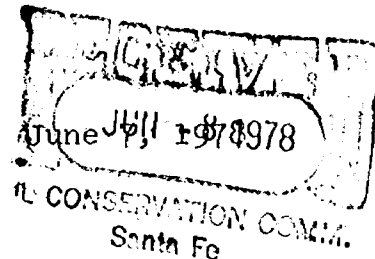
Attn: Mr. Joe D. Ramey  
Secretary-Director

Gentlemen:

It is requested that an examiner hearing or hearings be scheduled to consider Texaco's application for:

- 1) Unorthodox injection well locations and approval to inject water into nine (9) cooperative (Central Vacuum Unit-Vacuum Grayburg-San Andres Unit) lease line injection wells in the Central Vacuum Unit located in units B of Sec 12, T-18-S, R-34-E, D, E, L, and M of Sec 6, T-18-S, R-35-E, M of Sec 31, T-17-S, R-35-E, and N, O, and P of Sec 36, T-17-S, R-34-E, Lea County, New Mexico.
- 2) A provision for administrative approval of future cooperative lease line injection well locations and administrative approval to inject water into such wells.
- 3) An amendment to Paragraph 14 of NMOCC order No. R-5530, said amended paragraph 14 to read in effect as follows:

"That the project area allowable may be produced from any well within the project area in any proportion provided, however, that any proration unit situated on the boundary of the Central Vacuum Unit which proration unit is not directly or diagonally offset by a San Andres injection well outside said Central Vacuum Unit or on the Central Vacuum Unit boundary shall not be permitted to produce in excess of 80 barrels of oil per day."



A plat showing the location of the proposed injection wells is attached. Additional exhibits including those required by NMOCC Rule 701-B will be presented at the hearing.

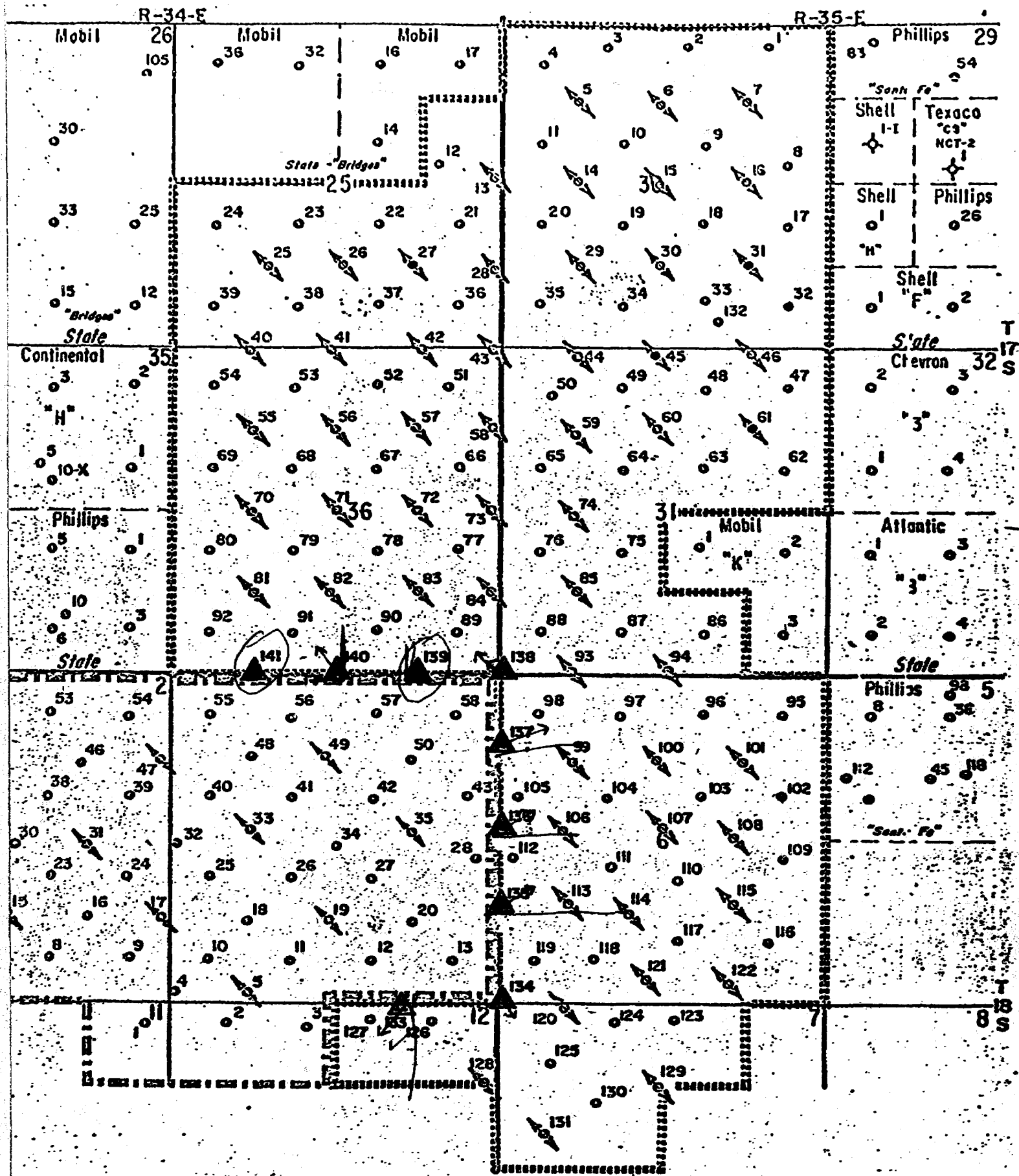
All offset operators (see attached list) have been notified of this application by copy of this letter and requests for waivers of objection sent by registered mail. Central Vacuum Unit Working Interest Owners have also been furnished a copy of this application.

Yours very truly,

*J. V. Gannon*  
J. V. Gannon  
District Superintendent

WRH/kw

Attachments



COOPERATIVE WATER INJECTION WELLS  
TO BE DRILLED BY THE CENTRAL VACUUM UNIT

CENTRAL VACUUM UNIT BOUNDARY

VACUUM GRAYBURG-SAN ANDRES UNIT BOUNDARY

COOPERATIVE WATER INJECTION AGREEMENT  
VACUUM GRAYBURG-SAN ANDRES UNIT  
& CENTRAL VACUUM UNIT  
VACUUM (GRAYBURG-SAN ANDRES) POOL  
LEA COUNTY, NEW MEXICO



OFFSET OPERATORS

Atlantic Richfield Company  
P.O. Box 1610  
Midland, Texas 79701  
Attn: Mr. G. Thane Akins

Bettis, Boyle and Stovall  
P.O. Box 1168  
Graham, Texas 76046  
Attn: Mr. Spencer Street

Continental Oil Co.  
P.O. Box 460  
Hobbs, New Mexico 88240

Chevron Oil Co.  
205 N. Linam  
Hobbs, New Mexico 88240

Exxon Company, USA  
P.O. Box 1600  
Midland, Texas 79701

Getty Oil Company  
P.O. Box 1231  
Midland, Texas 79701

Mobil Oil Corporation  
Three Greenway Plaza East  
Suite 800  
Houston, Texas 77046  
Attn: Joint Interest Adm.

Phillips Petroleum Company  
Phillips Building - Room 820  
4th & Washington Streets  
Odessa, Texas 79760  
Attn: Mr. W.B. Taylor, Jr.

Shell Oil Company  
Mid-Continent Producing Div.  
P.O. Box 991  
Houston, Texas 77001  
Attn: Div. Prod. Mgr.

Sun Oil Company  
P.O. Box 1861  
Midland, Texas 79701  
Attn: Mr. R. K. Beggs



WHITE,  
KOCH, KELLY  
&  
McCARTHY

JUN 20 1978 June 23, 1978

Mr. Richard L. Stamets  
Energy and Minerals Department  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, New Mexico 87501

Re: Texaco Application, Case No. 6256

Dear Mr. Stamets:

Texaco proposes the following language for paragraph 14:

(14) That the project area allowable may be produced from any well within the project area in any proportion provided, however, that any proration unit situated on the boundary of the Central Vacuum Unit which proration unit is not directly or diagonally offset by a San Andres injection well located either closer to the boundary of or outside the said Central Vacuum Unit shall not be permitted to produce in excess of 80 barrels of oil per day.

Sincerely,

*Booker Kelly*  
BOOKER KELLY

BK:amf

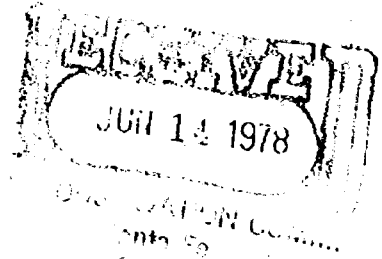
L.C. White  
Sumner S. Koch  
William Booker Kelly  
John F. McCarthy, Jr.  
Kenneth Bateman  
Benjamin Phillips  
C. Emery Cuddy, Jr.

Larry C. White  
Forrest S. Smith

220 Otero St., P.O. Box 787, (505)982-4374, Santa Fe, N.M. 87501

Attorneys and Counselors at Law

June 7, 1978



**WAIVER OF OBJECTION**  
**Unorthodox Well Locations and**  
**Amendment of Order R-5530**

State of New Mexico  
Energy and Minerals Department  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Gentlemen:

As an authorized representative of the below named offset operator, I hereby certify that I have been notified by Texaco Inc. of their application for:

1. Unorthodox injection well locations and approval to inject water into 9 cooperative (Central Vacuum Unit - Vacuum Grayburg - San Andres Unit) lease line injection wells in the Central Vacuum Unit located in Units B of Sec. 12, T18S, R34E, D, E, L and M of Sec. 6, T18S, R35E, M of Sec. 31, T17S, R35E, and N, O, and P of Sec. 36, T17S, R34E, Lea County, New Mexico.

2. A provision for administrative approval of future cooperative lease line injection well locations and administrative approval to inject water into such wells.

3. An amendment to Paragraph 14 of NMOCC Order No. R-5530, said amended Paragraph 14 to read in effect as follows:

"That the project area allowable may be produced from any well within the project area in any proportion provided, however, that any proration unit situated on the boundary of the Central Vacuum Unit which proration unit is not directly or diagonally offset by a San Andres injection well outside said Central Vacuum Unit or on the Central Vacuum Unit boundary shall not be permitted to produce in excess of 80 barrels of oil per day."

June 7, 1978

I hereby waive any objection to the granting of this application.

Bettis, Boyle & Stovall  
Offset Operator

By: Genius Stovall

Date: 6/12/78

CONOCO

L. P. Thompson  
Division Manager

E. L. Oshio  
Assistant Division Manager

Production Department  
Hobbs Division  
North American Production

Continental Oil Company  
P.O. Box 460  
1001 North Turner  
Hobbs, New Mexico 88240  
(505) 393-4141

JUN 21 1978

June 19, 1978

Texaco, Inc.  
Drawer 728  
Hobbs, New Mexico 88240

Attention Mr. J. V. Gannon

Gentlemen:

Texaco's Application for Unorthodox Well Locations & Amendment of NMOCC  
Order No. R-5530 - Central Vacuum Unit, Lea County, New Mexico

The Waiver of Objection attached to your letter dated June 7, 1978 has been executed and is returned. A copy was sent to the Oil Conservation Division as you requested.

Yours very truly,

*E. L. Oshio*

HAI/jj

Enc

cc:

✓ Oil Conservation Division, Box 2088, Santa Fe, NM 87501

June 7, 1978

WAIVER OF OBJECTION  
Unorthodox Well Locations and  
Amendment of Order R-5530

State of New Mexico  
Energy and Minerals Department  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Gentlemen:

As an authorized representative of the below named offset operator, I hereby certify that I have been notified by Texaco Inc. of their application for:

1. Unorthodox injection well locations and approval to inject water into 9 cooperative (Central Vacuum Unit - Vacuum Grayburg - San Andres Unit) lease line injection wells in the Central Vacuum Unit located in Units B of Sec. 12, T18S, R34E, D, E, L and M of Sec. 6, T18S, R35E, M of Sec. 31, T17S, R35E, and N, O, and P of Sec. 36, T17S, R34E, Lea County, New Mexico.

2. A provision for administrative approval of future cooperative lease line injection well locations and administrative approval to inject water into such wells.

3. An amendment to Paragraph 14 of NMOCC Order No. R-5530, said amended Paragraph 14 to read in effect as follows:

"That the project area allowable may be produced from any well within the project area in any proportion provided, however, that any proration unit situated on the boundary of the Central Vacuum Unit which proration unit is not directly or diagonally offset by a San Andres injection well outside said Central Vacuum Unit or on the Central Vacuum Unit boundary shall not be permitted to produce in excess of 80 barrels of oil per day."

June 7, 1978

I hereby waive any objection to the granting of this application.

CONTINENTAL OIL COMPANY

Offset Operator

By:

E. L. Oshlo

E. L. OSHLO, Assistant Division Manager

Date:

June 19, 1978

WFX Application of Texaco Inc  
for ~~B~~ amendment of Order  
R-5530, non standard locations,  
and an administrative procedure.

Amend paragraph (14) (second)  
to remove <sup>or remove</sup> the allowable restriction  
included therein with completion of base  
line injection.

Approval of 9 injection wells at  
NSL within 10 feet of the Unit  
boundary in following units

B 12-185-34E; D, E, L, & M  
6-185-35E, M 31-17-35; N, O, P  
36-17-34.

Want admin procedure for  
approval of addtl prod & inj  
wells at or the doc and  
unorthodox locations.

RLS

ROUGH

dr/

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 6256

Order No. R-5530-A

APPLICATION OF TEXACO INC. FOR  
AMENDMENT OF COMMISSION ORDER  
NO. R-5530, NON-STANDARD LOCATIONS,  
AND AN ADMINISTRATIVE PROCEDURE,  
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 21  
19 78, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this \_\_\_\_\_ day of \_\_\_\_\_, 19 78, the  
Division Director, having considered the testimony, the record,  
and the recommendations of the Examiner, and being fully advised  
in the premises,

FINDS:

(1) That due public notice having been given as required  
by law, the Division has jurisdiction of this cause and the  
subject matter thereof.

(2) That the applicant, Texaco Inc., is the operator of  
the Central Vacuum Unit Pressure Maintenance Project authorized  
by Commission Order No. R-5530.



(3) That the applicant seeks to amend Paragraph (14) on Page 7 of said Order No. R-5530 by removing or amending the allowable restriction therein subject to lease line agreements.

(4) That said allowable restriction should be removed for any proration unit within said Central Vacuum Unit upon which a lease line injection well is located.

(5) That the applicant seeks permission to expand said Central Vacuum Unit ~~Pressure Maintenance Project~~ in the Vacuum Grayburg - San Andres Pool by the injection of water into the Grayburg-San Andres formation through <sup>eight</sup> ~~seven~~ additional injection wells located as follows:

Unit Well No.	Location	Unit	Section	Township	Range
133	10' FNL & 1550' FEL	B	12	18-S	34-E
134	40' FNL & 40' FWL	D	7	18-S	35-E
135	1600' FSL & 40' FWL	L	6	18-S	35-E
136	2450' FNL & 40' FWL	E	6	18-S	35-E
137	1100' FNL & 40' FWL	D	6	18-S	35-E
138	10' FSL & 70' FEL	P	36	17-S	34-E
140	10' FSL & 2571' FWL	N	36	17-S	34-E
141	10' FSL & 1310' FWL	M	36	17-S	34-E

(6) That the application for approval of <sup>one other</sup> ~~two additional~~ injection wells, <sup>Unit Well No. 139, at a</sup> ~~non-standard location in Unit D of Section 36, Township 17 South, Range 35 East and in Unit M of Section 31, Township 17 South, Range 35 East, Lea County, New Mexico,~~ should be dismissed.

(7) That the applicant further seeks the establishment of an administrative procedure for <sup>approval of</sup> ~~the~~ addition <sup>of producing and</sup> ~~of~~ injection wells and the conversion of existing wells within said Central Vacuum Unit Pressure Maintenance Project to injection at both orthodox and unorthodox locations without further notice and hearing.

(8) That the establishment of such an administrative procedure would permit the more efficient operation of the project.

(9) That any injection well authorized by such an administrative procedure should be subject to all of the requirements and limitations contained in said Order No. R-5530.

(10) That Paragraphs 13, 14, 15, 16, and 17 on Page 7 of said Order No. R-5530 are numbered in error and should be re-numbered in proper sequence.

IT IS THEREFORE ORDERED:

(1) That the applicant, Texaco Inc., is hereby authorized to expand its Central Vacuum Unit Pressure Maintenance Project, Vacuum Pool, by the injection of water into the Grayburg-San Andres formations through the following-described wells at non-standard locations as follows:

<u>Unit</u> <u>Well No.</u>	<u>Location</u>	<u>Unit</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>
133	10' FNL & 1550' FEL	B	12	18-S	34-E
134	40' FNL & 40' FWL	D	7	18-S	35-E
135	1600' FSL & 40' FWL	L	6	18-S	35-E
136	2450' FNL & 40' FWL	E	6	18-S	35-E
137	1100' FNL & 40' FWL	D	6	18-S	35-E
138	10' FSL & 70' FEL	P	36	17-S	34-E
140	10' FSL & 2571' FWL	N	36	17-S	34-E
141	10' FSL & 1310' FWL	M	36	17-S <i>one other</i>	34-E

(2) That the application for approval of ~~two~~ additional *Unit Well No. 139, at a* injection wells, ~~at non-standard locations in Unit O of Section 36,~~ ~~Township 17 South, Range 35 East and Unit M of Section 31,~~ ~~Township 17 South, Range 35 East, Lea County, New Mexico,~~ is hereby dismissed.

(3) That Paragraph No. (6) on Page 5 of Order No. R-5530 is hereby amended to read in its entirety as follows:

"(6) That the Director of the Oil Conservation Division may administratively authorize a pressure limitation in excess of that set out in Order No. (5) above upon a showing by the operator that such higher pressure will not result in fracturing of the confining strata."

(4) That Paragraph No. (7) on Page 5 of Order No. R-5530 is hereby amended to read in its entirety as follows:

"(7) That the applicant shall not inject water into the formation of any well located on a 40-acre tract that has on it, or that directly or diagonally offsets a tract that has on it, one of the 15 wells identified on Exhibit C attached hereto and by reference made a part hereof, at a pressure greater than hydrostatic until such well has been repaired or it has been shown to the satisfaction of the Division Director that such well will not serve as an avenue of escape for waters injected into the San Andres formation and he has authorized a higher than hydrostatic pressure."

(5) That Paragraph No. (9) on Page 5 of Order No. R-5530 is hereby amended to read in its entirety as follows:

"(9) That the operator shall immediately notify the supervisor of the Hobbs District Office of the Division of the failure of the tubing or packer in any of said injection wells, the leakage of water or oil from or around any producing well, the leakage of water or oil from or around any plugged and abandoned well within the project area, or any other evidence of fluid migration from the injection zone, and shall take such timely steps as may be necessary or required to correct such failure or leakage."

(6) That Paragraph No. (12) on Page 5 of Order No. R-5530 is hereby amended to read in its entirety as follows:

"(12) That those wells within the Central Vacuum Unit Area that are not included within the project area as defined above shall be prorated in accordance with the Division Rules and Regulations."

(7) That Paragraph No. (13) on Page 7 of Order No. R-5530 is hereby renumbered Paragraph No. (16) and is further amended to read in its entirety as follows:

16  
"(16) That the average project area reservoir pressure shall be determined prior to the commencement of injection of water into the reservoir and at least annually thereafter. The average project area pressure shall be the average of the pressures in at least ten representative wells selected by the operator of the unit and the Supervisor of the Hobbs District Office of the Division at an agreed upon datum."

(8) That Paragraph No. (14) on Page 7 of Order No. R-5530 is hereby renumbered Paragraph No. (17) and is further amended to read in its entirety as follows:

17  
"(17) That the project area allowable may be produced from any well within the project area in any proportion provided, however, that any proration unit situated on the boundary of the Central Vacuum Unit which proration unit is not directly or diagonally offset by a San Andres injection well outside said Central Vacuum Unit, or upon which a

Central Vacuum "lease-line" injection well is not located between a unit producing well and the unit boundary shall not be permitted to produce in excess of 80 barrels of oil per day."

(9) That Paragraph No. (15) on Page 7 of Order No. R-5530 is hereby renumbered Paragraph No. (18) and is further amended to read in its entirety as follows:

18  
"(18) That each month the project operator shall submit to the Division a Pressure Maintenance Project Operator's Report, on a form prescribed by the Division outlining thereon the data required, and requesting allowables for each of the several wells in the Project as well as the total project area allowable. The aforesaid Pressure Maintenance Project Operator's Report shall be filed in lieu of Form C-120 for the Project."

(10) That Paragraph No. (16) on Page 7 of Order No. R-5530 is hereby renumbered Paragraph No. (19) and is further amended to read in its entirety as follows:

(19) That the Division shall, upon review of the report and after any adjustments deemed necessary, calculate the allowable for the wells in the Project for the next succeeding month in accordance with these rules. The sum of the allowables so calculated shall be assigned to the Project and except as provided under Order (17) above may be produced

(11) That Order No. R-5530, as amended heretofore, is further amended by the addition of the following Paragraph No. (20):

(20) The Director of the Division is hereby authorized to approve such additional producing wells and injection wells at orthodox and unorthodox locations within the boundaries of applicant's Central Vacuum Unit as may be necessary to complete an efficient production and injection pattern, provided that said producing wells shall not be located closer than 330 feet to the Unit boundary nor injection wells closer than 10 feet to the Unit boundary nor any well closer than 10 feet to any quarter-quarter section or subdivision inner boundary. To obtain such approval, the project operator shall file proper application with the Division, which application, if it seeks authorization to convert additional wells to injection or to drill additional production or injection wells shall include the following:

- (a) A plat showing the location of the proposed well, all wells within the project area, and offset operators, locating wells which offset the project area.
- (b) A schematic drawing of the proposed well which fully describes the casing, tubing, perforated interval, depth, and a demonstration that any proposed injection well will meet construction, pressure and monitoring provisions of Orders Nos. (2), (3), (4), (6), and (7) of this Order or the equivalent.
- (c) A letter stating that all offset operators to the proposed well have been furnished a complete copy of the application and the date of notification. The Director of the Division may approve the proposed well if, within 20 days after receiving the application, no objection to the proposal is received. The Director may grant immediate approval, provided waivers of objection are received from all offset operators.

(12) That Paragraph No. (17) on Page 7 of Order No. R-5530 is hereby renumbered Paragraph No. (21) and is further amended to read in its entirety as follows:

90 (21) That jurisdiction of Case No. 6008 is retained for the entry of such further orders as the Division may deem necessary."

(13) That jurisdiction of Case No. 6256 is ~~retained~~ retained for the entry of such further orders as the Division may deem necessary.

DONE at

(12) That Paragraph No. (17) on Page 7 of Order No. R-5530 is hereby renumbered Paragraph No. (20).

(13) That jurisdiction of Case No. 6256 is retained for the entry